

PATENT  
ATTORNEY DOCKET No. 27459-803/767

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Patent of: )  
 )  
MOURA et al. )  
 )  
Application No. 08/703,767 )  
 )  
Filed: August 27, 1996 )  
 )  
For: HYBRID ACCESS SYSTEM )  
UTILIZING CREDIT/DONE )  
PROTOCOLS )  
 )

Special Program Law Office,  
Office of Petitions  
Honorable Commissioner of Patents  
and Trademarks  
Washington, D.C. 20231

Sir:

PETITION FOR  
PRECAUTIONARY CHANGE TO LARGE ENTITY STATUS AND  
PAYMENT OF LARGE ENTITY FEES UNDER 37 CFR § 1.137 (b)

The instant Petition is one of two petitions, being submitted concurrently, to effect a Precautionary Change to Large Entity Status and Payment of Large Entity Fees. The other petition is being submitted under 37 CFR §1.28(c). One of these petitions may be moot in view of the other. Thus, unconditional submission of the large entity issue and filing fees appears in the Petition under § 1.28(c). Submission of the Petition fee under § 1.137 (b) appears in the instant petition.

As a precautionary measure, and without intentional delay, assignee respectfully requests a retroactive change to large entity status and hereby petitions the honorable Commissioner of Patents and Trademarks to accept the large entity filing and prosecution fees for U.S. Application No. 08/703,767 ("the '767 application," Exhibit A). The Patent and Trademark Office had not held the '767 application to be abandoned, and assignee has not determined that a change in status is actually necessary. Assignee, however, has recently become aware of questions regarding claim construction and contract interpretation that may affect whether this patent application was entitled to small entity status when the filing and prosecution fees were paid.

#### SUMMARY

Assignee, Hybrid Networks, Inc. (Hybrid), has always had less than 500 employees. Represented by the corporate department of a first law firm, Hybrid executed a technology license agreement with a large corporation, having more than 500 employees, on November 30, 1993. (In this petition, this large corporation will be called ACME, though ACME is not the actual name of this corporation.) The agreement gave ACME a Right of First Refusal on sales of Hybrid assets and stock, and provided for licensing of certain Hybrid technology to ACME. At the time of execution, on November 30, 1993, Hybrid was relying on a second law firm for patent prosecution matters. Represented by the corporate department of the first law firm, Hybrid executed an amended and restated agreement, on December 22, 1995. Later, represented by a third law firm, Hybrid filed U.S. application serial no. 08/703,767, on August 27, 1996, with

a small entity filing fee. On October 28, 1997, it was discovered that the agreement documents might have had a bearing on whether the '767 application was entitled to small entity status when the filing fee was paid. By the instant petition, Hybrid submits the balance of the large entity filing fees, and the balance of other fees possibly incurred during the prosecution of the '767 application.

### FACTS

Corporate Department of First Law Firm (Fenwick & West)  
Counsels Hybrid in Negotiations and Agreement with ACME Corporation, while  
Second Law Firm (Townsend & Townsend) Prosecutes Hybrid Patent Application

In 1993, ACME corporation wished to develop and market PC card products to provide users of personal computers with cable connectivity. To further that goal, ACME agreed to transfer money to Hybrid by way of a Technology License Agreement executed November 30, 1993 (portions attached to Declaration of Mr. Enns, Exhibit C).

ACME also owned various amounts of Hybrid's stock from time to time. At no time did Acme own greater than 17% of Hybrid's stock.

In the agreements, Hybrid licensed certain technologies, while reserving technologies related to the overall system. For example, Hybrid reserved technology related to its "Point of Presence" (PoP) system technology located at a central information distribution facility (e.g., a cable plant's head end) for providing an asymmetric network connection between the distribution facility and the remote users.

Hybrid and ACME envisioned an arrangement in which ACME would manufacture PC card devices for use in individual computers, paying Hybrid a per-unit royalty fee. As a precursor to this arrangement, the agreements set forth a per-unit royalty fee payment schedule.

The corporate department of Fenwick & West represented Hybrid in its dealing with ACME. Fenwick & West also had a patent department, but at this point Hybrid was still relying on Townsend & Townsend for patent prosecution matters and had not yet switched in representative matters before the Patent Office.

The November 30, 1993 agreement, executed by Hybrid President, Howard Strachman, was entitled TECHNOLOGY LICENSE AGREEMENT BETWEEN HYBRID NETWORK, INC. AND ACME CORPORATION, and was memorialized in 18 pages, including the following provision for a future agreement:

3.3 ... As a condition precedent to ACME's obligation to pay under Sections 3.2 and 3.3, Hybrid, with ACME's cooperation, shall engage in commercially reasonable development efforts as mutually agreed and defined by the Parties in a separate development agreement which the parties agree to negotiate in good faith and which shall include installment by Hybrid by of an agreed number of Point of Presence Systems.

The agreement included the following provisions for the purchase of Hybrid assets and stock by ACME:

#### 13.0 ACME RIGHT OF FIRST REFUSAL

13.1 If Hybrid decides to (i) sell itself, merge, consolidate, sell all, or substantially all of its assets, or (iii) issue, sell or exchange, for cash or other consideration, shares of its capital stock (each a "Corporate Event"), the result of which will be a change in control of Hybrid. Hybrid shall give ACME a detailed, written description of the terms of the proposed Corporate Event at least forty-five (45) days prior to the completion of the Corporate Event (the "Notice).

13.2 Upon receipt of the Notice, ACME shall have the right, exercisable by giving written notice to Hybrid within thirty (30) calendar days after the date of delivery of the Notice, to enter into an agreement with Hybrid to participate in the Corporate Event on terms consistent with and no less favorable to Hybrid than those contained in the Notice. If the consideration contained in the Notice includes property other than cash, ACME shall have the option to substitute similar property of equal value. The value of any property included in the purchase price shall be the fair market value of such property on the date ACME receives the Notice. In the event of a disagreement between the Parties, the fair market value of property shall be jointly determined by a nationally recognized investment firm selected by each Party to this Agreement. If the firms selected by ACME and Hybrid are unable to agree upon the value of property, the firms shall promptly select a third firm whose determination shall be conclusive. Each party shall bear the cost of its own investment banking firm and shall share equally the cost of any third firm selected hereunder. If ACME exercises its right to purchase under this Section 13.0, the transactions shall (i) be subject to the receipt of all applicable regulatory approvals, (ii) be in compliance with applicable laws and regulations, and (iii) take place on such date and at such time and place as Hybrid and ACME shall mutually agree, provided that in no event will such date be later than forty-five (45) days after the date of the Notice.

13.3 If ACME decides not to participate in the Corporate Event as detailed in the Notice, Hybrid may complete the corporate Event as detailed in the Notice. If the terms and conditions of the Corporate Event materially change after expiration of ACME's rights under Paragraph 13.2 and such terms are more favorable than those first detailed in the Notice, Hybrid must inform ACME in writing of such changes and ACME shall have the right, within ten (10) working days of receiving such notification from Hybrid to agree to complete within thirty (30) days after such notification, the Corporate Event on the changed terms and conditions specified in Hybrid's notification to ACME.

13.4 ACME shall maintain the right of first refusal under this Section 13.0 during the Exclusivity Period. ACME's right of first refusal shall continue after expiration or termination of the Exclusivity Period for the earlier of (i) two (2) years, provided ACME holds at least ten percent (10%) of Hybrid's outstanding shares of stock at the time of the Corporate Event of (ii) an initial public offering by Hybrid

The agreement also included the following license grant provisions:

1.5 "Hybrid Software" shall mean Hybrid's client software, in source and binary form, to be installed on a user's computing device which permits symmetrical/asymmetric data communications between the user's personal computer or

other computing device and a cable television or other communications network. **A Point of Presence System shall not be included in the term "Hybrid Software."**

1.6 "Hybrid Technology" shall mean Hybrid's designs, processes, methods, software, algorithms, trade secrets, and its patents, copyrights, and other ACME intellectual property rights **used in or necessary for** Hybrid Software and/or the Remote Link Adapter with respect to enabling symmetric/asymmetric data communications between the user's personal computer or other computing device and a cable television or other communications network.

1.7 **"Point of Presence System" shall mean a central network point for the collection of digital information from various information providers and users and the distribution of digital information to the cable television head-end equipment.**

1.9 "Remote Link Adapter" shall mean a device that uses software and/or hardware to physically connect a personal computer or other computing device to a television cable or other communications network and which is capable of executing Hybrid Software. **A Point of Presence System shall not be included in the term "Remote Link Adapter."**

...

## 2.0 LICENSE GRANT

2.1 Subject to the terms of this Agreement, Hybrid grants to ACME a perpetual, worldwide, exclusive (as defined in Section 2.4), royalty bearing license, with the right to sublicense during the Exclusivity Period (as defined in Section 2.4), to use Hybrid Technology . . .

2.2 Subject to the terms of this Agreement, Hybrid grants to ACME a perpetual, worldwide, exclusive (as defined in Section 2.4), royalty free license, with the right to sublicense, during the Exclusivity Period (as defined in Section 2.4) under Hybrid's copyrights, patents, and trade secrets to reproduce copies of Hybrid Software . . .

2.5 **Except as expressly provided herein, no other rights or licenses of any kind are granted by the Parties. . . .**

(emphasis added)

The first Agreement is Amended and Restated

On December 22, 1995, Hybrid's Vice President, Richard E. Fuller, executed a document entitled AMENDED AND RESTATED TECHNOLOGY LICENSE AGREEMENT BETWEEN HYBRID NETWORKS, INC. AND ACME, which included the following provisions:

THEREFORE, ACME and Hybrid agree as follows:

I. Definitions

1.1. "*Hybrid Documentation*" shall mean written Hybrid specifications, schematics, and associated technical documentation for the Remote Link Adapter and Hybrid Software.

1.2. "*Hybrid Improvement*" shall mean any enhancement, feature, or option for use by or in connection with Hybrid Technology or the ACME Technology developed by Hybrid which is intended to, or which does, improve Hybrid Technology or the ACME Technology.

1.3. "*Hybrid Product*" shall mean a product developed by or for Hybrid which incorporates ACME Technology. ACME Improvement or any other derivative thereof.

1.4. "*Hybrid Software*" shall mean Hybrid's client software, in source and binary forms, to be installed on a user's computing device which permits symmetric/asymmetric data communications between the user's personal computer or other computing device and a cable television or other communications network. **A Point of Presence System shall not be included in the term "Hybrid Software."**

1.5. "*Hybrid Technology*" shall mean Hybrid's designs, processes, methods, software, algorithms, trade secrets, and its patents, copyrights, and other ACME intellectual property rights **used in or necessary for** Hybrid Software and/or the Remote Link Adapter with respect to enabling symmetric/asymmetric data communications between the user's personal computer or other computing device and a cable television or other communications network. Hybrid Technology shall include any Hybrid improvements required to be delivered to ACME hereunder.

1.6. "*ACME Documentation*" shall mean written ACME specifications, schematics, and associated technical documentation for the ACME Technology.

1.7. "*ACME Improvement*" shall mean any enhancement, feature, or option for use by or in connection with ACME Technology or the Hybrid Technology developed by

ACME which is intended to, or which does, improve ACME Technology or the Hybrid Technology.

1.8 *"ACME Product"* shall mean a product developed by or for ACME which incorporates Hybrid Technology, Hybrid Improvement or any other derivative thereof.

1.9 *"ACME Software"* shall mean the "ACME Client Software Modifications," the "ACME [redacted] Client Software" and the "ACME [redacted] Software," as each is defined in Exhibit A, in source and binary forms.

1.10 *"ACME Technology"* shall mean the portions of the ACME Technology Deliverables that were developed by ACME. The ACME Technology shall not include those portions of the ACME Technology Deliverables that incorporate any of the Hybrid Technology. The ACME Technology shall include (without limitation) the "ACME [redacted] Software" as defined in Exhibit A.

1.11 *"ACME Technology Deliverables"* shall mean the ACME Software and the "ACME [redacted] Client Hardware" as defined in Exhibit A. The ACME Technology Deliverables shall include the ACME Improvements required to be delivered to Hybrid hereunder. ACME acknowledges that the ACME Technology Deliverables incorporate portions of the Hybrid Technology.

1.12 **"Point of Presence System" shall mean a central network point for the collection of digital information from various information providers and users and the distribution of digital information to the cable television head-end equipment for a specific geographic area.**

1.13 *"Remote Link Adapter"* shall mean a device that uses software and/or hardware to physically connect a personal computer or other computing device to a television cable or other communications network and which is capable of executing Hybrid Software. **A Point of Presence System shall not be included in the term "Remote Link Adapter."**

## 2. LICENSE GRANTS

2.1 Hybrid Technology. Subject to the terms of this Agreement, Hybrid grants to ACME a perpetual, worldwide, nonexclusive, royalty bearing license to use Hybrid Technology to design, develop, modify, create derivatives, manufacture, have manufactured, use, market, distribute, sell, service and support ACME Products. ACME shall not sublease any Hybrid Technology. These licenses include the right to copy, modify, and distribute Hybrid Documentation.



2.2 Hybrid Software. Subject to the terms of this Agreement, Hybrid grants to ACME a perpetual, worldwide, nonexclusive, royalty-free license, under Hybrid's copyrights, patents, and trade secrets, to reproduce copies of Hybrid Software in order to prepare derivative works of such Hybrid Software ("*ACME Derivative Code*") and to copy, publish, and distribute, under ACME's then current standard licensing terms, Hybrid Software and ACME Derivative Code in binary form. ACME shall not sublease Hybrid Software or ACME Derivative Code in source code form. These licenses include the right to copy, modify, and distribute Hybrid Documentation.

2.3 ACME Technology. Subject to the terms of this Agreement, ACME grants to Hybrid a perpetual, worldwide, nonexclusive, royalty-free, paid-up license to use ACME Technology to design, develop, modify create derivatives, manufacture, have manufactured, use, market, distribute, sell, service and support Hybrid Products. Hybrid shall not sublicense ACME Technology. These licenses include the right to copy, modify, and distribute ACME Documentation.

2.4 ACME Software. Subject to the terms of Agreement, ACME grants to Hybrid a perpetual, worldwide, nonexclusive, royalty-free license, under ACME 's copyrights, patents, and trade secrets, to reproduce copies of ACME Software in order to prepare derivative works of such ACME Software ("*Hybrid Derivative Code*") and to copy, publish, and distribute, under Hybrid's then current standard licensing terms, ACME Software and Hybrid Derivative Code in binary form. Hybrid shall not sublicense ACME Software or Hybrid Derivative Code in source code form. These licenses include the right to copy, modify, and distribute ACME Documentation.

2.6 Distribution in Devices. Notwithstanding the software licenses restrictions specified in this Section 2, each party shall have the right to distribute software or portions thereof which are programmed into a semiconductor device without a license agreement but will rely on such laws as may be appropriate.

2.7 Reserved Rights ... **Except as expressly provided herein, no other rights or licenses of any kind are granted by the parties.**

#### 4. OWNERSHIP

4.1 Hybrid Ownership. Except for the licenses expressly granted in Section 2 above, Hybrid will remain the owner of all right, title and interests in the Hybrid Technology, Hybrid Software, Hybrid Documentation and any and all copyright, trade secret, patent and other intellectual property rights therein. Except for ACME's ownership of the ACME Technology, Hybrid will remain the owner of all right, title and interest in the

Hybrid Products, Hybrid Improvements and any and all copyright, trade secret, patent and other intellectual property rights therein.

4.2 ACME Ownership. Except for the licenses expressly granted in Section 2 above, ACME will remain the owner of all right, title and interest in the ACME Technology, ACME Documentation and any and all copyright, trade secret, patent and other intellectual property rights therein. Except for Hybrid's ownership of the Hybrid Technology, ACME will remain the owner of all right, title and interest in the ACME Products, ACME Technology Deliverables, ACME Improvements and any and all copyright, trade secret, patent and other intellectual property rights therein ...

## 6. DEVELOPMENT, DELIVERY, MAINTENANCE AND SUPPORT

6.1 Hybrid Deliverables. Hybrid has delivered to ACME Hybrid Technology including but not limited to (i) all source code, "make files," and related Hybrid Documentation needed to recreate the executable version of the Hybrid Software, and (ii) the functional, electrical, mechanical and test specifications, logic and wiring diagrams, physical layout diagrams, and bill of materials for the Remote Link Adapter.

6.2 Hybrid Improvements. Hybrid will furnish to ACME, in a form reasonably satisfactory to ACME and at no additional expense to ACME, only such Hybrid Improvements to Hybrid Technology as Hybrid shall have developed that maintain basic functionality, including cable back-channel capability. If Hybrid makes available to any third party the right to sell, lease, license or distribute any Improvement that increases functionality with respect to any ACME Product then marketed by ACME, Hybrid will furnish such improvement to ACME under terms and conditions as favorable as those offered by Hybrid to any such party.

6.3 ACME Deliverables. On or about the Effective Date and as otherwise agreed herein, ACME will deliver to Hybrid the ACME Technology Deliverables in the form of mutually agreed technology release packages including but not limited to (i) all source code, "make files," and related ACME Documentation needed to recreate the executable version of any software delivered, and (ii) the functional, electrical, mechanical and test specifications, logic and wiring diagrams, physical layout diagrams, and bill of materials for hardware delivered.

## 10. MARKETING AND FUTURE BUSINESS OPPORTUNITIES

10.1 Marketing Names. ACME shall have the right to promote and market Hybrid Technology under ACME's trade names, and Hybrid shall have the right to promote and market ACME Technology under Hybrid's trade names.

10.4 [redacted] Development Plan. During the sixty (60) days following the Effective Date, the parties will prepare a development plan relating to the [redacted] technology and will negotiate in good faith the terms and conditions of a Development Agreement under which such development will occur. If the parties do not develop such a development plan or enter into such a Development Agreement, ACME will deliver to Hybrid in accordance with Section 6.3 any ACME Improvements developed by ACME and on July 1, 1996, ACME will make an additional delivery to Hybrid of any ACME Improvements. Further, on July 1, 1996 and as otherwise agreed, if the parties enter into a Development Agreement, ACME will deliver to Hybrid any deliverables developed hereunder. Neither party will have liability whatsoever, and neither party will be considered to have breached this Agreement, for failure to prepare a development plan or enter into a Development Agreement.

13.1 If Hybrid decides to (I) sell itself, merge, consolidate, sell all, or substantially all of its assets, or (iii) issue, sell or exchange, for cash or other consideration, shares of its capital stock (each a "Corporate Event"), the result of which will be a change in control of Hybrid. Hybrid shall give ACME a detailed, written description of the terms of the proposed Corporate Event at least forty-five (45) days prior to the completion of the Corporate Event (the "Notice").

13.2 Upon receipt of the Notice, ACME shall have the right, exercisable by giving written notice to Hybrid within thirty (30) calendar days after the date of delivery of the Notice, to enter into an agreement with Hybrid to participate in the Corporate Event on terms consistent with and no less favorable to Hybrid than those contained in the Notice.  
(emphasis added)

The Amended and Restated Agreement is Amended by Letter

In a letter dated, February 26, 1996, signed by Hybrid's President, Carl. S. Ledbetter, the December 1995 Restated and Amended Agreement was amended as follows:

The first two sentences of Section 10.4 shall be deleted and the following sentences shall be substituted in their place:

The parties will prepare a development plan based upon such product specifications as may be mutually agreed upon by the [redacted] Team consisting of Hybrid, ACME, Beta Corporation and Delta Corporation. The parties to the Agreement agree to negotiate in good faith the terms and conditions of a Development Agreement under which such development will occur. Hybrid has received in accordance with Section 6.3 any ACME Improvements developed by ACME as of the Effective Date. On July 1, 1996 ACME will make additional delivery to Hybrid of any ACME Improvements developed by ACME subsequent to the Effective Date.

(The paragraph above employs the names BETA and DELTA to identify two other large corporations, though BETA and DELTA is not the actual name of these corporations.)

Cushman, Darby & Cushman Files '767 application

On August 27, 1996, the firm of Cushman, Darby, and Cushman filed the '767 application (Exhibit A) under 37 CFR § 1.60 with a small entity filing fee. The '767 application referenced U.S. application Serial No. 08/426,920 ("the '920 application") as the parent application (See page 2 of the Rule 60 request in Exhibit A). As required by 37 CFR § 1.60, the '767 application included a copy of the parent application.

The '767 application claimed small entity status (See page 2 of the Rule 60 request in Exhibit A), referencing a small entity statement (Exhibit B) filed in the '920 application. This small entity statement had been executed, for the '920 application, by Mr. Richard E. Fuller, then Hybrid's Vice President of Finance, on April 21, 1995.

The copy of the parent application, required in the '767 application, was entitled ASYMMETRIC HYBRID ACCESS SYSTEM AND METHOD, and included 12 independent claims and 25 total claims (Exhibit A), including claim 22:

22. A method of operating a client node, comprising the steps of:  
sending periodic operability indication messages during an active state,  
receiving a poll message, and requesting channel connection.

The Rule 60 request cancelled claim 22 (See page 3 of the Rule 60 request in Exhibit A).

In an office action dated January 10, 1997, the examiner objected to the claims, and rejected the claims under 35 U.S.C. §§ 101, 102, and 103. In a responsive amendment filed May 19, 1997, Hybrid's current representative amended the specification and the claims. The amendment was accompanied by a small entity two-month extension of time fee of \$190.00, an extra independent claim fee of \$234.00 for 6 extra independent claims, and an extra total claim fee of \$77.00 for 7 extra total claims.

#### Questions Regarding Small Entity Status Discovered

Over the past few months, Hybrid's current representative (who had no knowledge of any of the prior license agreements) had been consulted relative to licensing its technology to ACME in connection with ACME's prospective sale of a business unit dealing with Hybrid's technology. Upon considering the proper status of Hybrid as a small entity in handling of its

application, the current representative on or about October 28, 1997 inquired of Hybrid whether the ACME licensing deal had gone through. Mr. Rick Enns, Hybrid's Vice President of Engineering, informed the current representative that it had not, but, during the discussions, it was learned for the first time by the current representative that the recent negotiations with ACME were based on an earlier agreement, to wit: the November 30, 1993 agreement and amendments thereto. We then requested that Mr. Enns forward to us by facsimile a copy of the November 30, 1993 agreement for review and analysis. On November 17-18, we visited Hybrid in Cupertino, California to explore further the nature of the relationship between Hybrid and ACME and then learned that the November 30, 1993 agreement had been restated and modified by an agreement executed December 22, 1995, and again modified by a letter dated February 26, 1996.

### Conclusion

We have reviewed the various agreements, and the claims, and believe certain questions might arise as to the status of Hybrid as a small entity at various times during the prosecution of its patent applications. Although we draw no legal conclusions, we perceive certain questions relative to (i) whether a large corporation had "control" at the time of payment of the filing fee on August 27, 1996; (ii) whether the November 30, 1993 agreement conveyed (currently or prospectively) any rights to "patents" since none were issued at that time; (iii) whether definitions contained in the agreement precluded that subject matter of the patents as licensed

technology; and (iv) whether the December 26, 1995 restated and modified Technology License Agreement impacted the small entity status determination.

Regarding similar questions in another one of Hybrid's patents, rather than risk any subsequent adverse determination of other questions, and without admitting error in payment of the small entity issue fee, Hybrid, as a precautionary measure, filed a set of Petitions on November 28, 1997, advising of a change in status to a large entity and submitting the balance of the large entity issue fee.

Regarding similar questions in U.S. Patent No. 5,586,121, which issued from the '920 application, rather than risk any subsequent adverse determination of other questions, and without admitting error in payment of the small entity issue fee, Hybrid, as a precautionary measure, filed a set of Petitions on December 19, 1997, advising of a change in status to a large entity and submitting the balance of the large entity filing and issue fees.

Regarding similar questions in five other Hybrid applications, rather than risk any subsequent adverse determination of other questions, and without admitting error in payment of the small entity issue fee, Hybrid, as a precautionary measure, filed a set of Petitions on December 29, 1997, two sets of petitions on December 31, 1997, a set of Petitions on January 13, 1998, and a set of petitions on January 20, 1998, advising of a change in status to a large entity and submitting the balance of the large entity filing and prosecution fees.

Regarding the subject of the instant petition, Hybrid's '767 application, rather than risk any subsequent adverse determination of these questions and without admitting error in payment

of the small entity filing or prosecution fees, Hybrid, as a precautionary measure, now advises of a change in status to a large entity and submits payment of a large entity filing and prosecution fees.

Any error that might have been made, in verifying whether the '767 application was entitled to small entity status, arose from inadvertence, the complexity of the business situation, and/or changes in legal representation.

Whether ACME's Right of First Refusal and stock ownership constituted control, within the meaning of 37 CFR 1.9 (d) and MPEP 509.02, depends on construction of the regulations of the Small Business Administration. Although assignee is unaware of any decision directly on point, assignee believes ACME had no right to control within the meaning of those regulations.

Whether Hybrid had an obligation to license, within the meaning of MPEP 509.02, depends on issues of contract interpretation and claim construction. The 1993 agreement defines Hybrid Technology to mean Hybrid's designs, processes, methods, software, algorithms, trade secrets, and its patents, copyrights, and other intellectual property rights . . ." Under the agreement, ACME's right to "use" Hybrid Technology appears to be limited to that which is "used in or necessary for Hybrid Software and/or the Remote Link Adapter (paragraph 1.6). Paragraph 1.9 defines Remote Link Adapter and states, "a Point of Presence system shall not be included in the term 'Remote Link Adapter.' " Depending on how claim 22 would have to be interpreted, had it not been cancelled, the method of claim 22 may, or may not, "be used in or necessary for" the "Remote Link Adapter," within the meaning of the 1993 Agreement.



Regardless of the proper interpretation of the claim 22, and the 1993 Agreement, a non lawyer might have been lulled because the specification states, "FIG. 2a is a schematic drawing of a point of presence (POP) system 26(1) according to the present invention." (Specification page 12, lines 23-24, in Exhibit A).

Thus, in view of varied interpretations under contract law, patent law, and the regulations of the Small Business Administration, it would not be readily apparent whether Hybrid had licensed claimed or patented subject matter, or had an obligation to license such matter, or whether ACME had control over Hybrid, within the meaning of MPEP 509.02 and the regulations cited therein.

Patentee respectfully submits that the foregoing statement meets any required showing of unintentional delay required by 37 CFR § 1.137 (b)(if this section of the regulations is applicable). Patentee requests that Deposit Account No. 06-0115, of Farkas & Manelli, PLLC, be charged \$1320.00 as required by 37 CFR 1.137 §§ (b)(2) and 1.17 (m).

Although, as described in the first paragraph of the instant petition, the large entity fees are being unconditionally submitted in a concurrently filed petition, if necessary the Commissioner may charge Deposit Account No. 06-0115, of Farkas & Manelli, PLLC, \$960.00 (This amount, \$960.00, is the large entity filing fee, plus the large entity extension and extra claim fees possibly incurred May 19, 1997, minus the \$375.00 small entity filing fee paid on August 27, 1996 (See page 4 of the Rule 60 request in Exhibit A), the \$190.00 two-month

extension fee, \$234.00 extra claim fee, and the \$77.00 extra independent total claim fee paid June 6, 1997.

The large entity filing fee, based on the fee schedule effective on the date of the instant petition, is \$790.00.

The large entity extension fee possibly incurred May 19, 1997, based on the fee schedule effective on the date of the instant petition, is \$400.00 for a 2 month extension of time.

The large entity extra independent claim fee possibly incurred May 19, 1997, based on the fee schedule effective on the date of the instant petition, is \$492.00 for 6 extra independent claims.

The large entity extra total claim fee possibly incurred May 19, 1997, based on the fee schedule effective on the date of the instant petition, is \$154.00 for 7 extra total claims.

$$\begin{aligned}\text{Thus, } \$960.00 &= (\$790.00 - \$375.00) + (\$400.00 - \$190.00) + \\ &\quad (\$492.00 - \$234.00) + (\$154.00 - \$77.00), \text{ and} \\ \$960.00 &= \$415.00 + \$210.00 + \$258.00 + \$77.00.\end{aligned}$$

Exhibit C is the unexecuted declarations of Frederick Enns, supporting facts relied upon in this petition. An executed version of Exhibit C will be submitted to the Office when it becomes available.

The foregoing is not intended as an admission of any mistake in declaring small entity status, but is merely a precautionary measure.

If there are any fees required for consideration of this document, or for any other reason,  
please charge such fees to the Farkas & Manelli, PLLC Deposit Account No. 06-0115.

Respectfully submitted,

FARKAS & MANELLI, PLLC

By   
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DATED: 1/21/98

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TABLE OF EXHIBITS

EXHIBIT A	U.S. Application No. 08/703,892
EXHIBIT B	Small Entity Statement filed in Parent Application
EXHIBIT C	Enns Declaration, with portions of Agreements dated November 30, 1993, and December 22, 1995, and of Letter dated February 26, 1996
EXHIBIT D	Amendment cover sheet filed June 6, 1997